



# Reforming Local Land-Use Planning is Critical to Meeting Florida Housing Needs

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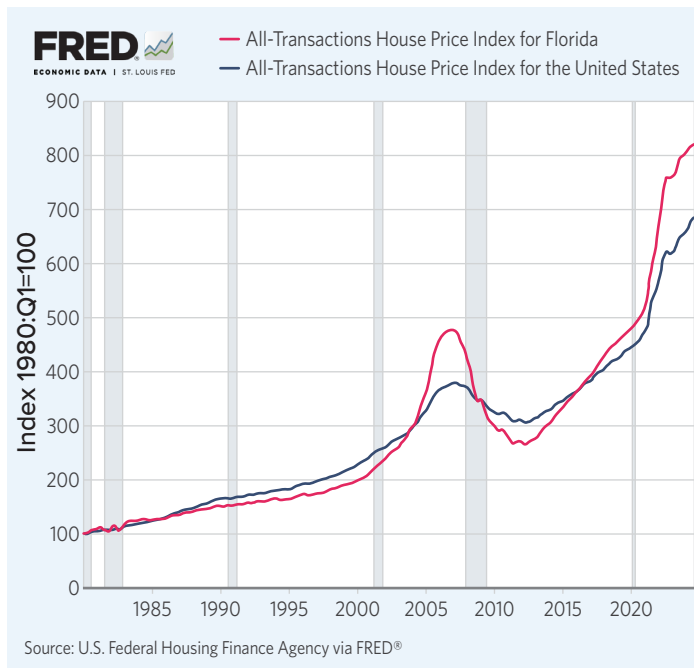
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## Introduction

Florida is facing an unprecedented housing affordability crisis. According to the U.S. Federal Housing Finance Agency, single-family home prices in Florida have grown by 165% since the end of the Great Recession in 2009, and the rate of growth accelerated considerably during the COVID-19 pandemic.<sup>1</sup> The rise in home prices is particularly severe in Florida compared to nationwide trends.



The state's population has grown by between 200,000 and 300,000 residents per year since 2010 due almost exclusively to net in-migration. The total number of households in Florida rose by 20% from 2010 to 2024, increasing from 7,420,802 to 8,838,661.<sup>2</sup>

Meanwhile, Florida's cities and counties are not adding enough housing to meet this growing demand. Florida State University economists Keith Ihlanfeldt and Danny Sierra estimate that the state now faces significant shortages of homes and rental units. Statewide, these shortages may exceed 54,672 rental units and 66,174 houses for homeowners.<sup>3</sup>

Moreover, this shortage represents a dramatic change in the state's housing market. As recently as 2014, the housing market was roughly in balance. Unfortunately, the trend toward an imbalance was evident as early as 2011, and housing construction began slowing as early as the mid-1990s.<sup>4</sup>

Thus, restoring the state's housing market entails reversing long-term reductions in housing supply. Critical factors in restoring Florida's housing affordability will be reforming local land-use regulations and streamlining permitting processes. Yet, state policymakers also need to be wary of sending the pendulum too far in the opposite direction by hamstringing local decision-making.

A middle road, however, may exist. Local governments can better accommodate our local builders and current homeowners by allowing more innovative designs and accommodating more flexible use of lands. For example, a homeowner may actually have the practical space for a studio rental unit in their backyard as an Accessory Dwelling Unit (ADU).

Unfortunately, current land-use restrictions in many cities and counties may hinder this modest approach to addressing the state's housing shortage. Few in the general public, however, understand how local land-use regulation hinders development. The remainder of this policy brief explains how the "black box" of land-use regulation works and outlines steps for improving housing market outcomes.

## Inside the "Black Box" of Permitting and Zoning

The role of zoning and permitting in slowing housing construction has long been recognized by economists.<sup>5</sup> Notably, in a review of land-use planning and economic development, Jae Hong Kim, an urban planner, observes "Although a large number of studies claim that land-use regulations raise the demand for an area by improving amenities and thus raising housing prices, more recent studies increasingly suggest that price inflation is mainly caused by the limited supply and higher development costs under strict land-use regulations."<sup>6</sup>

But what is it about the permitting and zoning process that increases costs?

Florida's Growth Management Act of 1985 (GMA) required all cities and counties to comprehensively plan land-use, public infrastructure, and the built environment within their jurisdictions. Among these stipulations was creating a zoning map, which essentially requires that local governments decide what kinds of land use would be allowed where and on which parcels of land.

The GMA, along with its subsequent amendments, required governments to predict when and for what purpose land would be developed and limited their ability to make changes. These limits were relaxed with land-use reform in 2011, which reduced the role of the state government, but the local zoning maps, comprehensive plans, and local decision-making process were left in place.

A typical development proposal, for example, would likely face at least two levels of formal approval before going to the city commission for final approval. For a residential development, the landowner (often with a builder) would approach an appointed body, the local planning commission, with a proposal to build. The basic outlines would be presented in a preliminary site plan. The planning commission and professional planning staff would provide feedback, and the plan would be revised. Then, if the concept is acceptable, the plan would be subject to feedback and recommenda-



Tallahassee, FL, USA - June 24, 2022: Aerial drone inspection Amazon warehouse construction Tallahassee Florida USA  
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tions from numerous other departments and agencies, including a dizzying array of environmental permitting, inventories of foliage and other natural land features, land-use compliance certificates, and analysis of concurrency requirements to pay for public infrastructure such as roads, schools, sewers, and, at times, transit.

As a result, land development of any consequence entails a drawn-out approval process. The pace of the approval is largely up to the discretion of the local government. But the effects are not neutral. Most developers know that “time is money,” and keeping a property off the market risks missing the business cycle.

A study of planning effects on housing prices in Washington and Florida before and after the period these states imposed state-wide growth management laws found that their state laws significantly increased housing prices. In Washington, about 26% of the housing price increase could be empirically attributed to the state’s GMA, reducing housing affordability.<sup>7</sup> In Florida, the effect was 20% and contributed to reversing trends toward more affordable housing.<sup>8</sup> This estimate is consistent with analysis from the National Association of Homebuilders, which estimates that 23.8% of the “final price of a new single-family home built for sale” can be attributed to government regulation.<sup>9</sup> (The Association found that the regulatory impacts on multifamily housing rose to 40.6%.<sup>10</sup>) Moreover, the longer a county had been planning under Florida’s GMA, the larger the impact was from land-use planning.<sup>11</sup> Indeed,

numerous studies have found similar impacts from uncertainty in the plan approval process.<sup>12</sup>

Sometimes, requirements imposed by the city (or county) may not even be allowed by law. For example, the City of Tallahassee required proof of economic need for a telecommunications tower project even though that authority was reserved for federal agencies.<sup>13</sup> Despite no public interest concerns with the project – the tower was wholly contained on private property – the project required more than 100 contacts with local officials and 50 trips to local government agencies before the project was finally approved.

## Case Study: Amazon Distribution Center in Leon County, Florida

Without expedited permitting and streamlined zoning, preparing land for development can take years and sometimes a decade or more. Delays mean a city or county might miss out on a timely economic development opportunity that provides local jobs if a neighboring municipality is not adequately prepared to respond to fast-moving changes in technology and firm location decisions.

The retail shipping and distribution giant Amazon has 85 facilities in Florida, with dozens more in the planning or construction phases, according to the USA TODAY Network-Florida.<sup>14</sup> These



facilities can be large regional packaging and distribution centers or final destination “last mile” distribution centers. The larger facilities can generate local economic impacts of hundreds of millions of dollars and create hundreds, if not thousands, of regional jobs. Amazon aggressively expanded its facilities in 2020 in order to accommodate dramatic increases in demand during the COVID-19 pandemic. They were looking for sites that were “ready-made” to start construction quickly. One of those sites became the City of Tallahassee’s largest private sector investment in its history.

Several other properties were available along the vital Interstate 10 corridor near Tallahassee. But Leon County has zoning in place that would accommodate Amazon’s retail use, allowing Amazon to break ground within a month of closing the land purchase. This expedited process occurred because the previous property owner had spent the previous decade and millions of dollars preparing the land for retail development.<sup>15</sup> The most important regulatory permits were already secured even with the scale of the project.

Opening in the fall of 2023, the distribution center created 1,400 new jobs and invested \$250 million in facilities and other infrastructure improvements within its first six months, exceeding initial projections.<sup>16</sup> The county estimates that the jobs average \$17 per hour (and 43% live in the city’s three poorest zip codes).<sup>17</sup>

Without having the zoning in place, the property may have taken years to secure approval.

The success of the project, however, was not a product the planning foresight envisioned in the GMA or implied in the comprehensive plans and zoning maps of Florida’s cities and counties. On the contrary, the property owner attempted to develop the project twice before, running into political opposition until he was able to secure the rezoning for an unknown future property developer.

## Implications for State Policy and Land Use Planning

Prior to the GMA of 1985, housing prices were affordable, and the planning apparatus was simpler and less uncertain. After the adoption of statewide planning, formal permitting and approval processes became more complicated, increasing delays and adopting layers of bureaucracy to exert more public control over housing markets. The result was a less adaptive, less dynamic, and lower level of housing supply growth. Florida has been suffering the consequences ever since.

The election of 2010 resulted in a major restructuring of the state planning apparatus under the leadership of Governor Rick Scott but did little to change the level of detail and comprehensiveness of government control over land markets. Not surprisingly, housing supply began a steady decline.

Current attempts by state legislators to preempt local government planning and land-use decision-making are perhaps not

unexpected. Local regulatory costs and burdens have contributed to squeezing profit margins on so-called “workforce housing” – housing intended for those earning steady incomes at the lower ends of the pay scale. Limits on “missing middle” housing – duplexes, triplexes, accessory dwelling units, tiny houses, and even small-scale apartment buildings – have combined with a cumbersome zoning approval process, inconsistently calculated and applied development impact fees, and local politics to prevent more affordable housing from being developed in the private sector. Not surprisingly, beginning with the Live Local Act of 2023, the state began to override local zoning ordinances to make local housing markets more responsive to demand. In some cases, the state provided incentives for developers to build more affordable units. The state is reaching further toward preemption of local land-use regulation limits in 2025.

A less intrusive approach, however, might be to restructure the goals and objectives of local comprehensive plans rather than micromanage land uses from the state Capital. Rather than requiring local cities and counties to accept certain types of housing, the state can change the incentives for local governments to accommodate a wider range of housing.

Several options exist for state legislators interested in promoting reform of land-use regulation to promote housing development.

First, the housing element of comprehensive plans can be given a top-tier priority or planning objective among the dozen or so that currently make up these plans. Current comprehensive plans often include more than a dozen objectives or goals. Housing, like infrastructure, can be prioritized over other elements.

Second, state legislation can require that local governments accommodate the production of new housing commensurate with expected increases in the number of households. These estimates would be adjusted yearly based on forecasts of population and household growth.

Third, the state can encourage local governments to adopt policies that allow for more streamlined approvals and more certainty in expected fees. Providing planning grants would provide resources for planning departments to analyze and restructure their planning procedures, permit schedules, and development outcome-based measures for holding the approval process accountable for unnecessary delays. The earlier example of the telecommunications tower permitting is an excellent example of how a one-size-fits-all approach added months to the permitting process. The local government was also not held accountable for the delays caused by imposing unnecessary and inappropriate steps on the approval process. Adding a case manager to each application might help encourage streamlining and accelerating approvals.

Similarly, cities and counties could adopt administrative approval frameworks where certain thresholds in land area and number of proposed housing units can be exempt from public hearings.

Local governments could provide case studies for local builders and homeowners so they can better understand outside-the-box best practices. This could be another way to capture housing metrics in addition to more traditional categorized zones. Cities and counties can also be required to provide a scientific rationale for estimating impact fees directly tied to the fiscal impacts of the proposed development.<sup>18</sup>

State legislators should avoid dictating specific outcomes at the local level. Rather, a more productive approach would likely be providing clearer guidelines with stronger mechanisms for accountability when local governments fall short.

Florida's housing shortage, however, is unlikely to be addressed adequately without significant reform that aligns local government interests with the statewide public interest in dramatically expanding the supply of housing. Land-use regulation is an important component of that solution.

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